

FACT SHEET

Demonstrating the Economic Value of Bow Valley College | March 2017

IMPACT ON THE REGIONAL ECONOMY

During the analysis year, Bow Valley College and its students added **\$579.1 million** in income to Calgary Census Metropolitan Area's economy, approximately equal to **0.5%** of the region's Gross Regional Product and 9,836 average-wage jobs. The economic impacts of Bow Valley College break down as follows:

College operations spending impact

- Bow Valley College employed 662 full-time equivalent (FTE) employees in FY 2014-15. Payroll amounted to **\$60.1 million**, a portion of which was spent in the Calgary Census Metropolitan Area to purchase groceries, clothing, and other household goods and services. The college spent another **\$27.3 million** to support its day-to-day operations.
- The net impact of college payroll and expenses toward day-to-day operations (excluding research activities) in the Calgary Census Metropolitan Area during the analysis year was approximately **\$82.9 million** in added regional income.

Research spending impact

- Research activities of Bow Valley College impact the regional economy by employing people and making purchases for equipment, supplies, and services. They also facilitate new knowledge creation throughout the Calgary Census Metropolitan Area through inventions and licenses.
- Research spending of Bow Valley College generates **\$1.1 million** in added regional income for the Calgary Census Metropolitan Area economy.

Student spending impact

- Around **1,412** students (including international) relocated to the Calgary Census Metropolitan Area from outside of the region or outside of Canada to attend Bow Valley College. In addition, a number of students would have left the region if not for Bow Valley College. These out-

INCOME CREATED BY BOW VALLEY COLLEGE IN FY 2014-15

\$579.1 million
Total impact



\$82.9 million
Impact of college operations spending



\$1.1 million
Impact of research spending



\$14 million
Impact of student spending



\$607.6 thousand
Impact of visitor spending



\$480.4 million
Impact of alumni

of-region and retained students spent money at local businesses to purchase groceries, rent accommodation, and pay for transport.

- The expenditures of out-of-region and retained students during the analysis year added approximately **\$14 million** in income to the regional economy.

Visitor spending impact

- Out-of-region visitors attracted to the Calgary Census Metropolitan Area for activities at Bow Valley College brought new dollars to the economy through their spending at hotels, restaurants, gas stations, and other regional businesses.
- Visitor spending added approximately **\$607.6 thousand** in income for the Calgary Census Metropolitan Area economy.

Alumni impact

- Over the years, students have studied at Bow Valley College and entered or re-entered the workforce with newly-acquired skills. Today, thousands of these former students are employed in the Calgary Census Metropolitan Area.
- The accumulated contribution of former students currently employed in the regional workforce amounted to **\$480.4 million** in added income during the analysis year.

JOB EQUIVALENTS BASED ON INCOME

Job equivalents are a measure of the average-wage jobs that a given amount of income can potentially support. They are calculated by dividing the added income specific to each type of impact by the average annual wages per worker in the region. Based on the added income created by Bow Valley College, the job equivalents are as follows:

Impact of college operations =
1,409 job equivalents

Impact of research spending =
19 job equivalents

Impact of student spending =
237 job equivalents

Impact of visitor spending =
10 job equivalents

Alumni impact =
8,161 job equivalents

Overall, the added income created by Bow Valley College and its students supported **9,836** average-wage jobs.

RETURN ON INVESTMENT TO STUDENTS, SOCIETY, AND TAXPAYERS

Student perspective

- Bow Valley College's FY 2014-15 students paid a total of **\$27.8 million** to cover the cost of tuition, fees, books, and supplies. They also forwent **\$76.8 million** in money that they would have earned had they been working instead of learning.
- In return for the monies invested in the college, students develop the skills required for an increasingly globalized workplace, receiving a present value of **\$439.3 million** in increased earnings over their working lives.
- Dividing benefits by costs yields a benefit-cost ratio of **\$4.20** in higher future income. In other words, students not only recover the cost of the original investment but also receive an additional **\$3.20** in benefits over and above every \$1 in costs.
- The average annual rate of return for students is **21.4%**.

Social perspective

- Society as a whole in Alberta will receive a present value of **\$1.6 billion** in added provincial income over the course of the students' working lives. Society will also benefit from **\$12.8 million** in present value social savings related to reduced crime, fewer demands for income assistance, and increased health and well-being across the province.
- For every \$1 that society spent on educations from Bow Valley College during the analysis year, society as a whole will receive a cumulative value of **\$9.40** in benefits. This will occur for as long as Bow Valley College's FY 2014-15 students remain active in the provincial workforce.

Taxpayer perspective

- In FY 2014-15, provincial taxpayers in Alberta paid **\$50.6 million** to support the operations of Bow Valley College. The net present value of the added tax revenue stemming from higher lifetime student earnings and increased output of businesses amounts to **\$272.5 million**. Savings to the public sector add another **\$5.1 million** in benefits due to a reduced demand for government-funded social services in Alberta.
- Dividing benefits to taxpayers by the associated costs yields a 5.5 benefit-cost ratio, i.e., every \$1 in costs returns **\$5.50** in benefits. The net return on investment thus comes to **\$4.50** in additional benefits over and above every \$1 in costs.
- The average annual rate of return for taxpayers is **35.0%**. This is above the 1.76% discount rate on government investments, meaning Bow Valley College not only pays its own way, but also generate a surplus that the provincial government can use to fund other programs.

For every **\$1** spent...

STUDENTS

\$4.20

Returned in lifetime earnings for STUDENTS

SOCIETY

\$9.40

Returned in added provincial income and social savings for SOCIETY

TAXPAYERS

\$5.50

Returned in added taxes and public sector savings for TAXPAYERS